



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

August 10, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**APPROVE AN ORDINANCE TO AMEND THE PETROLEUM PIPELINE FRANCHISE
GRANTED TO POWER RUN OIL, LLC (ORD. NO. 85-0101F, AS AMENDED), TO
ADD TWO FRANCHISE SERVICE AREAS, DELETE ONE FRANCHISE SERVICE
AREA, UPDATE THE TERMS AND CONDITIONS OF THE FRANCHISE, AND
CONSENT TO THE TRANSFER OF PIPELINES TO POWER RUN OIL, LLC
(SECOND DISTRICT) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an ordinance to amend the proprietary petroleum pipeline franchise granted to Power Run Oil, LLC, a California limited liability company, by Ordinance No. 85-0101F, as amended, so as to; add two service areas to the franchise located in the Westmont/West Athens and Willowbrook/West Compton unincorporated areas; delete one service area from the franchise located in the Rosewood unincorporated area; update the terms and conditions of the franchise relating to transfers and assignments, payment of fees, providing annual reports, and providing indemnification, insurance and bonding; and provide your Board's consent to the transfer of natural gas pipelines from Union Oil Company of California, Chevron U.S.A. Inc. and Geo Petroleum, Inc., to Power Run Oil, LLC.
2. Introduce, waive reading, and place on your Board's agenda for adoption, the accompanying ordinance that implements the above recommendations, becoming effective 30 days from adoption thereof.
3. Find that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

The Honorable Board of Supervisors
August 10, 2004
Page 2

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to amend the petroleum pipeline franchise granted to Power Run Oil, LLC (Power Run), by Ordinance No. 85-0101F, as amended, to add two franchise service areas, delete one franchise service area, update the terms and conditions of the franchise and consent to transfer natural gas pipelines to Power Run.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of an ordinance to amend the Power Run franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

Power Run has paid a one-time administrative fee of \$2,500 to process an ordinance to amend the franchise, and will pay annual franchise fees calculated based upon the linear footage of the pipelines. For pipelines up to 8 inches in diameter, the annual fee will be 21 cents per foot, plus 3 cents per foot for each inch over 8 inches. After the franchise is amended, annual fees will increase from under \$200 per year, to over \$4,300 per year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In February 2000, Power Run purchased four producing oil and gas wells located in the Westmont/West Athens unincorporated area, from Rodney A. Pantages Trust (Pantages), including a wastewater pipeline installed in Redondo Beach Boulevard, by rights granted by petroleum pipeline franchise Ordinance No. 85-0101F. In April 2003, your Board adopted Ordinance No. 2003-0018F, transferring the Pantages franchise to Power Run.

Power Run has requested your Board's consent to its purchase of the "Rosecrans Plant Gas Gathering System" (Rosecrans System), consisting of wet-gas pipelines acquired in July 2003 from Union Oil Company of California (Unocal), and wet-gas pipelines acquired in December 2003 from Chevron U.S.A. Inc. (Chevron), and Geo Petroleum Inc. (Geo).

The Honorable Board of Supervisors
August 10, 2004
Page 3

The Rosecrans System transports Power Run's wet gas from the Pantages wells in the Howard Townsite Field in the Westmont/West Athens area, to the gas processing plant operated by BreitBurn Energy Company LLC, at the intersection of 135th Street and Broadway in the Willowbrook/West Compton area.

The Unocal wet-gas system consists of an active six-inch pipeline in 120th Street, (east of Normandie Avenue to Denker Avenue), three active three-inch pipeline crossings of 120th Street, an idle three-inch pipeline in Halldale Avenue (120th Street to 121st Street), and an idle two-inch pipeline in 121st Street (Halldale Avenue to west of Normandie Avenue).

The Chevron/Geo system connects to Unocal's active six-inch pipeline in 120th Street, and consists of both six-inch and eight-inch active pipelines in Denker Avenue (120th Street to El Segundo Boulevard), and an active eight-inch pipeline in El Segundo Boulevard (from Denker Avenue to City of Los Angeles boundary, at east line Vermont Avenue).

Your Board's consent to transfer these franchise rights is required under the Los Angeles County Highway Code, Title 16 Division 3A, Section 16.52.140. Power Run's franchise will continue for the original term that will expire in July 2010. County Counsel has approved as to form the accompanying ordinance to amend the Power Run franchise.

ENVIRONMENTAL DOCUMENTATION

Approving and adopting an ordinance to amend the Power Run franchise to consent to the transfer of existing pipelines is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

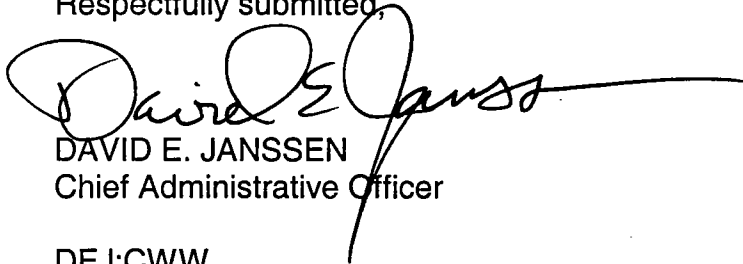
The transfer of these pipeline franchise rights will not impact or adversely affect any current services or future projects. The Audit Division of the Auditor-Controller, the Department of Public Works and the Fire Department have reviewed this request and have no objections.

The Honorable Board of Supervisors
August 10, 2004
Page 4

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to notify Power Run Oil, LLC of the Board's action on this matter, and forward conformed copies of the approved Board recommendation and the approved ordinance to Power Run Oil, LLC, 726-A Guadalupe Avenue, Redondo Beach, California 90277, Attention: Mr. Roger Hunt, and to the offices of County Counsel, Auditor Controller, Department of Public Works, Fire Department and the Chief Administrative Office, Real Estate Division, Property Management Section.

Respectfully submitted,

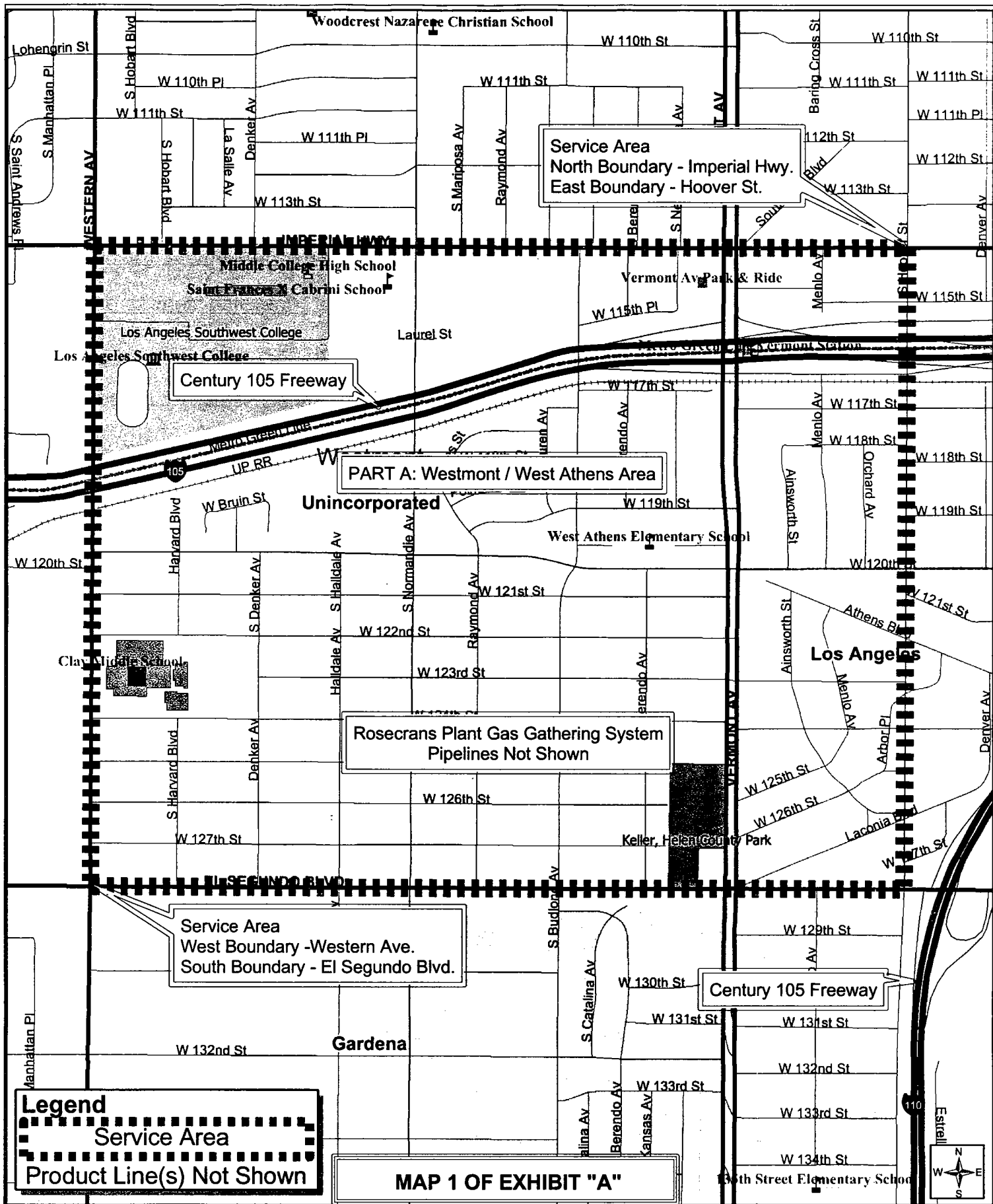
A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal line extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

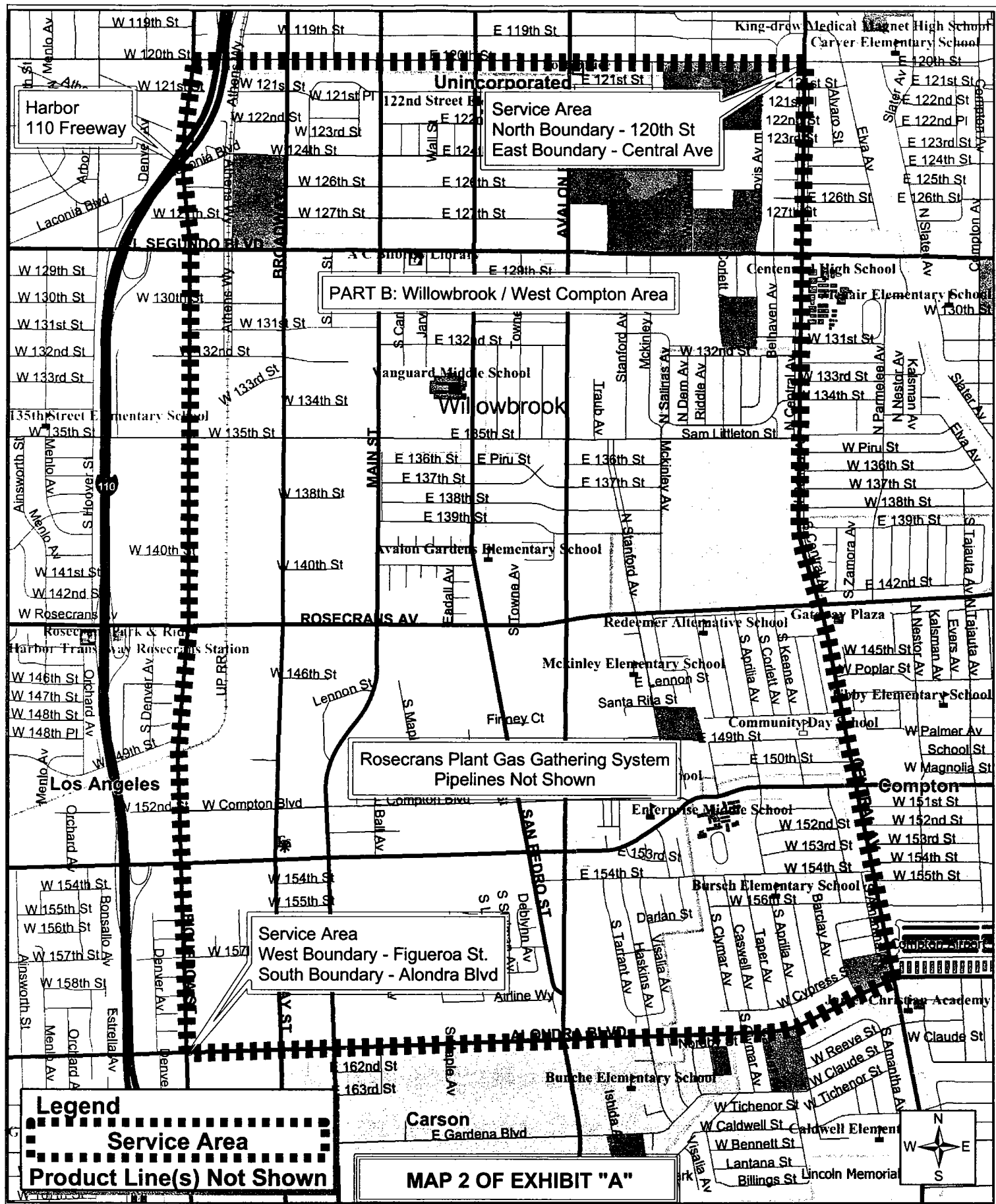
DEJ:CWW
CB:RB:cc

Attachment

c: County Counsel
Auditor-Controller
Department of Public Works
Fire Department



Date May 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Power Run Oil, LLC Proprietary Petroleum Pipeline Franchise Part A: Westmont / West Athens Area	Power Run 85-0101F Amend 2003-0018F
Sup District Dist 2		Agent R. Ball



Date May 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Power Run Oil, LLC Proprietary Petroleum Pipeline Franchise Part B: Willowbrook / West Compton Area	Power Run 85-0101F Amend 2003-0018F
Sup District Dist 2		Agent R. Ball